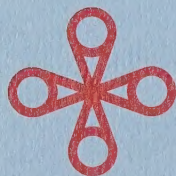


# **BRAMEDA**

## **RESOURCES LIMITED**

KERVIL  
Bryndsen

**ANNUAL REPORT 1969**



*Brameda's symbol is a stylized ancient talisman representing the four elements: earth, fire, water and air, which combine to produce natural resources.*





*Dr. N. B. Keevil, President of Teck Corporation,  
and B. O. Brynelsen, Chairman of  
Bramedia Resources Limited.*

## HIGHLIGHTS

- Churchill Copper placed into production on schedule.
- Discovery of important porphyry copper deposit at Casino.
- Discovery of coking coal deposit at Sukunka.
- Additional financing and association with Teck Group.

## CONTENTS

Highlights	Page 1
Directors and Officers	Page 2
Chairman's Report	Page 3
President's Report	Page 4
Casino Project	Page 4
Sukunka Project	Page 5
Atlin Forestry Project	Page 5
Thermochem Sulphur Process	Page 6
Churchill Copper Corporation Ltd.	Page 6
General Exploration	Page 7
Subsidiary Companies	Page 7
Associated Companies	Page 8
Schedule of Investments	Page 8
Fiscal Review	Page 9
Outlook	Page 9
Financial	
Balance Sheet	Page 10-11
Statement of Deficit	Page 12
Statement of Mine Development and Preproduction Expenditure	Page 13
Statement of Source and Application of Funds	Page 14-15
Statement of Deferred Exploration, Development and Other Expenditures	Page 16
Notes	Page 17-20

## DIRECTORS

BERNARD O. BRYNELSEN, President, Brenda Mines Ltd., Vancouver, B.C.  
 MERVIN E. DAVIS, Vice-President, Brenda Mines Ltd., Vancouver, B.C.  
 DR. NORMAN B. KEEVIL, Jr., Executive Vice-President Teck Corporation Limited, Toronto, Ont.  
 MORRIS M. MENZIES, Director, Brenda Mines Ltd., Vancouver, B.C.  
 JOHN R. CROLL, Vice-President, Brameda Resources Limited, Vancouver, B.C.  
 ALEXANDER C. ROBERTSON, General Counsel & Secretary, Brameda Resources Limited, Vancouver, B.C.  
 ROBERT E. HALLBAUER, Vice-President, Teck Corporation Limited, Vancouver, B.C.  
 SIR MICHAEL BUTLER, Bt., Partner, Farris, Farris, Vaughan, Taggart, Wills & Murphy, Vancouver, B.C.  
 WILLIAM R. BERGEY, Exploration Manager, Keevil Mining Group, Limited, Vancouver, B.C.  
 DR. JOHN D. LEISHMAN, Director, Teck Corporation Limited, Vancouver, B.C.  
 LATHAM C. BURNS, President, Burns Bros. & Denton Ltd., Toronto, Ont.

## OFFICERS

B. O. BRYNELSEN, Chairman of the Board  
 N. B. KEEVIL, Jr., President and Chief Executive Officer  
 J. R. CROLL, Vice-President and Chief Financial Officer  
 R. E. HALLBAUER, Vice-President, Mining  
 D. R. FITZPATRICK, Vice-President, Corporate Relations  
 A. C. ROBERTSON, General Counsel & Secretary  
 R. J. COBB, Treasurer  
 G. R. SHIPLEY, Comptroller

## HEAD OFFICE

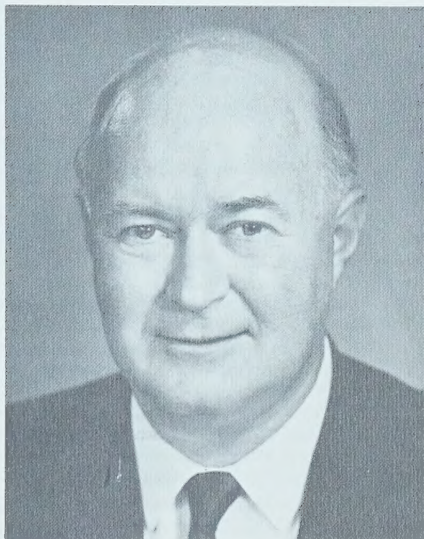
700 - 1177 West Hastings Street, Vancouver, B.C.

## REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company — Vancouver, Toronto, Montreal

## BANKERS

Bank of British Columbia  
 Toronto Dominion



B. O. Brynelsen

## CHAIRMAN'S REPORT

The twelve months since the last annual meeting have been challenging ones for the Company. During a period when the general economic climate weakened and the shortage of funds presented difficulties to mature as well as new companies, Brameda nevertheless made substantial progress towards developing into an important diversified natural resource company. There were a number of highlights.

In June of 1969 Brameda entered into an exploration agreement with Casino Silver Mines Ltd. to explore and develop the Casino-Canadian Creek property. Under the agreement, Brameda is entitled to earn a 70% interest in the property.

Preliminary exploration work has been extremely encouraging and indicates that this could develop into one of the most important large tonnage copper deposits in western Canada.

Another successful program in 1970 resulted in the discovery by Brameda of coal deposits near Chetwynd, B.C. Results have indicated the existence of an extensive area of high quality coking coal which appears to be suitable for efficient mining, and the Company is proceeding with further exploratory work.

During the period under review Brameda acquired 50.03% of the issued shares of Churchill Copper Corporation Ltd. and arranged for the financing and construction of a mill that is now producing copper concentrates from the Churchill orebody, near Fort Nelson, B.C.

More recently, in April of this year, Brameda sold a substantial block of its shares to companies associated with Teck Corporation, under an arrangement which provided fresh capital and additional management strengths for your Company. The Teck Group has been one of the most successful mining groups in Canada and your directors were of the view that an association of

the two companies would be of substantial benefit to the shareholders of each. We have welcomed to the Board of Brameda Dr. N. B. Keevil, Jr., Mr. R. E. Hallbauer, Mr. W. R. Bergey, Dr. J. D. Leishman and Sir Reginald Michael Butler as representatives of Teck. In addition, Dr. Keevil has been appointed President and Chief Executive Officer of the Company and Mr. Hallbauer has been appointed Vice President.

These additions, together with the previously existing management team, provide Brameda with a firm foundation for growth in the future, and we look confidently towards realizing the full potential of Brameda's projects at the earliest possible time.

My co-directors and I would also like to record our gratitude to the employees for their valuable contribution during the past year and to the shareholders of the Company for their loyal support.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "B. O. Brynelsen".

B. O. Brynelsen,  
Chairman of the Board.





KARSH, OTTAWA

*Dr. N. B. Keevil, Jr.*

## PRESIDENT'S REPORT

It is with pleasure that I report on your Company's activities over the past year and on its most important development opportunities.

During the period, Brameda was responsible for bringing into production one mine, Churchill Copper, and for two significant mineral discoveries, Casino and Sukunka. The results of exploratory work to date indicate that Casino could develop into one of the three or four largest copper-bearing orebodies in western Canada. The Sukunka coal deposit has an excellent chance of developing, after further drilling and underground bulk sampling, into one of British Columbia's most profitable coking coal operations.

Despite this success, and indeed partly because of it, your Company became involved in a working capital problem which required an infusion of new capital. After negotiation with several parties, Brameda entered into an agreement whereby the Teck Group of companies placed \$3,000,000 in the Brameda treasury and guaranteed the completion of senior financing of Churchill Copper. This has permitted resumption of exploratory operations at Casino and Sukunka, as well as in other areas of activity of your company.

### CASINO PROJECT

Under an agreement dated June 20, 1969, Brameda has the right to acquire a 70% interest in the Casino-Canadian Creek property from Casino Silver Mines Ltd. through expenditures on exploration and development. The property, is located approximately 190 air miles northwest of Whitehorse, Yukon Territory.

Initial diamond drilling by Brameda consisted of a series of short angle holes which were designed to test geochemical and geophysical anomalies. The first diamond drill hole, P-1, returned 166 vertical feet of 0.57% Cu. and 0.034%  $\text{MoS}_2$ ,

and several other holes were encouraging. It became evident that the property had considerable potential and subsequent drilling was carried out on a grid basis with vertical holes at 400' centres. To date a total of 50,000 feet of drilling has been completed and has indicated the existence of a mineralized copper-molybdenum body of substantial dimensions.

The eastern part of the deposit, where most of the drilling has been concentrated, appears to be a typical layered porphyry copper-molybdenum body. The uppermost zone has been leached of its original copper and molybdenum sulphides and contains only minor amounts of these metals, principally as oxides. This varies in thickness from 0 to 500 feet. It is underlain by a supergene enrichment zone approximately 200 feet thick, characterized by a mixture of primary and secondary sulphides. This grades into a zone of primary sulphides which extends to an undetermined depth, several holes having traced it to at least 1200 feet.

The exploratory drilling program resumed in early June, after being suspended during spring breakup and financing arrangements. This consists of rotary drilling on a grid basis to extend and further define the limits and grade of the enriched zone. At the same time, detailed geological mapping and additional geophysical and geochemical surveys are being carried out on the balance of Casino's 426 claim property.

It would be premature at this stage to attempt to predict the eventual grade and tonnage which will be developed at Casino, but the results of this summer's program should enable some reasonable projections to be made. In the meantime, it may be said in general terms that we expect to be able to develop a substantial tonnage of enriched material grading in excess of 0.4% copper-equivalent, underlain by a larger tonnage of lower grade primary mineralization.

### **SUKUNKA PROJECT**

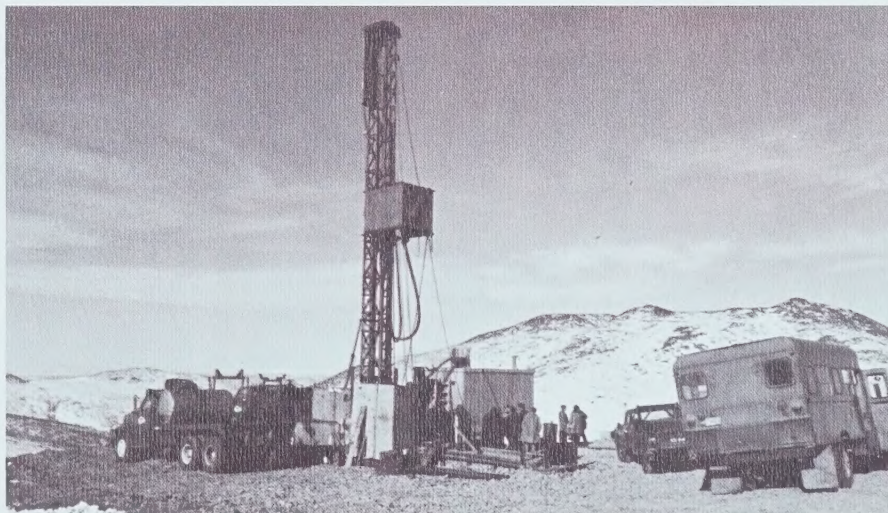
In October, 1969, Brameda launched a coal exploration program in the Sukunka River area, 38 miles south of Chetwynd, B.C. Drilling to date has revealed indicated reserves of approximately 50,000,000 tons of good quality coking coal in an apparently undisturbed flat-lying seam 8 to 12 feet thick. Preliminary structure studies of untested areas to the east and southeast of the drilled area indicate a good chance that the reserves will be increased significantly by further exploration.

Operations resumed at the end of May after suspension during spring breakup. The 1970 program will consist of drilling to extend indicated reserves, grid drilling to guide underground development, and underground headings to determine mining methods. Some reconnaissance exploration for additional coal seams in the general area will be carried out as well. Discussions are proceeding with the Provincial Government to obtain coal licences and negotiations regarding senior financing and coal sales are in progress.

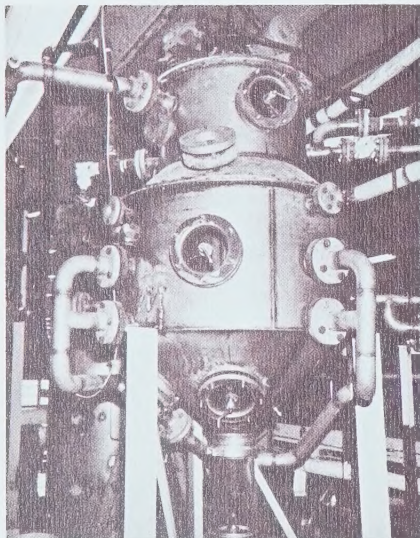
### **ATLIN FORESTRY PROJECT**

A feasibility study on the establishment of a sawmill and chipmill complex to utilize timber in the Atlin and Tagish areas in British Columbia and the Yukon has been received from consultants, and is under review. The study reports favourable physical and economic feasibility for a sawmill operation and pulp chip plant, based on a sustained log supply for the manufacture of 90 million board feet and 108,000 bone dry units of pulp wood chips per annum.

*Drilling at Casino*







*Thermochem Crystallizer*

#### **THERMOCHEM SULPHUR PROCESS**

During the past year Brameda continued its research on the "Thermochem" process for the extraction of elemental sulphur from deposits not amenable to conventional Frasch techniques. A pilot mill, constructed and operated for several months by Colorado School of Mines Research Institute, has consistently produced sulphur of premium grade ranging between 99.5 and 99.98% sulphur.

Brameda has granted licences to Benguet Consolidated, Inc. and to Scurry-Rainbow Oil Limited for the use of the Thermochem process on certain deposits and has carried on exploration and development work on its own Sulphurdale property in Utah and on two properties in Costa Rica.

Because the prevailing depressed prices for sulphur are expected to continue for several years, the Company has dropped the Costa Rica properties and discontinued the development of Sulphurdale. Upon an improvement in sulphur prices, development work on sulphur properties throughout the world should accelerate and it is expected that the Thermochem process will be widely used and provide substantial income to the Company.

#### **CHURCHILL COPPER CORPORATION LTD. (Brameda 50.03%)**

Churchill Copper Corporation Ltd. is developing satisfactorily and it is forecast that it will generate a good cash flow during the second half of this year. The Churchill deposit is located 100 miles west of Fort Nelson in the Liard Mining Division of northern British Columbia.

The ore reserves reported by Chapman, Wood & Griswold in their feasibility report on October 11, 1969, were as follows:

*Proven and probable ore—*

*1,178,100 tons at 3.92% Cu.*

*Possible ore—*

*466,900 tons at 3.40% Cu.*

These consultants also advised in the report there is a good chance to add to these reserves once the mining operation in the initial ore block is well established.

Mill construction began in June, 1969, and was essentially completed in April, 1970, when the first concentrate was produced. The mill has a rated capacity of 750 tons per day but can be expanded if warranted by production from the Churchill mine or from other operations in the area. Currently recoveries are running over 95% with a concentrate grade of approximately 30%. The mill has handled over 700 tons per day and no problems are anticipated in tuning it up to rated capacity.

The concentrates are transported to Vancouver by truck and rail where they will be shipped to Japan under a 10-year sales agreement with Nippon Mining of Canada Limited.

The Churchill area is heavily mineralized, and the potential for a long-lived mining operation is good. Furthermore, the mill has been designed for possible increases in capacity, and could serve as a custom mill for other operators in the area. Churchill Copper is well placed to take advantage of development opportunities in this new district. Brameda holds 50.03% of the issued shares of Churchill and is managing the operation under contract.





*Churchill Miner*

### GENERAL EXPLORATION

The discovery of Casino and Sukunka were the highlights of last year's exploration program.

In addition, Brameda and associated companies carried out exploration in the Northwest Territories, Yukon Territory, British Columbia, Alberta, Saskatchewan, Ontario, the northwestern United States, Mexico, Costa Rica and the Philippines. Several promising prospects were developed and discussions are in progress regarding further exploration and development work by major companies.

Exploratory work on a coal prospect owned by the Pine Pass Coal Company, Ltd. produced negative results and no further work is planned. Brameda owns 5 patented lode mining claims known as the McCracken silver property, situated about 50 miles southeast of Kingman, Arizona. The property contains a modest tonnage of silver mineralization which is considered marginal at present silver prices, and development has been discontinued.

### SUBSIDIARY COMPANIES

**Seymour Laboratory Ltd.**, a wholly owned subsidiary of the Company located in North Vancouver, B.C., began operations in July, 1968. It provides chemical analysis and testing services to the Brameda group of companies and to other companies. Its facilities were expanded in 1969 and are again being expanded to serve an increasing demand from the industry. Seymour is able to provide fast and accurate analysis of soil and rock samples.

**Chapman, Wood & Griswold Ltd.**, also a wholly owned subsidiary of the Company, is a firm of

consulting engineers and geologists specializing in the evaluation of mineral deposits, feasibility studies, and servicing the mining industry on a worldwide basis. The company has experienced steady growth from its inception in 1959, with the fiscal year ending June 30, 1969, being the most profitable in its history. During the latter half of 1969 and early 1970 its volume of business suffered as mining projects were deferred because of high interest rates and the uncertainties created by the White Paper. Chapman, Wood & Griswold carries on its operations independently of Brameda and has its own offices in North Vancouver.



*Exploration in Mexico*

#### ASSOCIATED COMPANIES

Brameda has agreed to sell its interest in four junior exploration companies: Kismet Mining Corporation Ltd., Pinex Mines Limited, Secondo Mining Ltd. and Territory Mining Ltd. Under the terms of the sale, Brameda earns the right to acquire up to a 70% interest in any properties acquired by these four companies for a period of 3 years.

Brameda holds an interest in Westland Mines Ltd. Brameda and Terra Nova Explorations Ltd. are entering into an agreement to acquire an 80% interest in Westland's Miner's Queen and Cle Elum properties in the State of Washington. The agreement will call for Brameda and Terra Nova to retain the properties in good standing and conduct certain exploration and development work.

Brameda holds 533,933 shares of Hearne Coppermine Explorations Limited, which has conducted extensive exploration in the Coppermine River area of the Northwest Territories. Hearne holds 2,971 claims in good standing but plans no exploration in the area during 1970.

#### Giant Mascot Mines Limited

Brameda held 614,796 shares of Giant Mascot Mines Limited at the year end. Giant Mascot operates a nickel-copper mine near Hope, British Columbia. During May, 1970 Brameda sold 400,000 of these shares at a price of \$4.25 per share, netting your Company \$1,700,000. We retain 214,796 shares in our investment portfolio.

#### SCHEDULE OF INVESTMENTS

	Shares	
	Dec. 31	May 31
	1969	1970
<b>Associated Companies:</b>		
Ancore International Ltd. and a minor affiliate	11,060	11,060
Westland Mines Ltd. (N.P.L.)	325,000	325,000
Casino Silver Mines Ltd. (N.P.L.)	450,000	450,000
Hearne Coppermine Explorations Limited (N.P.L.)	533,933	533,933
Kismet Mining Corporation Ltd. (N.P.L.)	596,000	—
Pinex Mines Limited (N.P.L.)	988,880	—
Secondo Mining Ltd. (N.P.L.)	290,000	—
Territory Mining Ltd. (N.P.L.)	550,000	—
<b>Other Companies</b>		
Ionarc Smelters Ltd.	45,000	20,000
Muskox Mines Limited	75,592	75,592
Giant Mascot Mines Limited	614,796	214,796



## FISCAL REVIEW

The consolidated financial statements of Brameda and its subsidiaries cover the eight month period ended December 31, 1969, the fiscal year having been changed to the calendar year.

During the period the Company received \$12,048,300 from the sale of Brameda treasury shares. The consolidated statements include an additional \$701,101 received from the sale of shares of Churchill Copper Corporation Ltd., pursuant to a rights offering. Total funds received during the eight months were \$13,134,599.

The Company's net expenditures amounted to \$16,419,078, including \$6,955,571 in expenditures by Churchill Copper, of which \$4,510,002 was provided by equity financing and \$2,445,569 was provided by debt financing. Brameda also expended \$1,835,000 in the purchase of Churchill shares from existing shareholders. Approximately \$4,000,000 was spent in exploration and \$1,892,873 was used to pay current liabilities of Magnum Consolidated Mining Co. Ltd., pursuant to an agreement to acquire its net assets. Further details on the source and application of funds are included in the financial statements.

The consolidated working capital deficiency of \$4,043,467 at the end of the period included expenditures by Churchill of \$2,445,569 which have been financed by a term bank loan, guaranteed by Brameda, since the year end.

On December 31, 1969 there were 6,598,228 common shares of Brameda outstanding. In April, 1970, as part of the financing arrangement with the Teck organization, Brameda issued 335,000 shares

for \$6 a share, together with \$1,000,000 in debentures, convertible at any time before April 30, 1973 into common shares of Brameda at a price of \$6 per share. Teck also agreed to guarantee a further bank loan to Churchill in order to complete the financing of its copper property to production.

The financial statements reflect a period of intense activity during which a great deal of exploration and development work on a number of properties was compressed into several months. The most important results were the Casino porphyry copper and Sukunka coal discoveries. Brameda is adequately financed to continue its current exploration programs on these projects, as well as to consider new, attractive exploration and development opportunities as they arise.

## OUTLOOK

The Churchill mine should show a good operating profit during the last half of 1970, and when its bank loans have been repaid should provide Brameda with a continuing source of cash flow and earnings.

Brameda's two most important projects at the present time, from the point of view of major cash flow potential, are Casino and Sukunka. If exploration and development proceed satisfactorily, coal licences are granted on schedule and the appropriate financing arranged, Sukunka could be producing coking coal by the end of 1971 or early 1972.

Finally, the association of the Brynelsen and Teck Groups, both with successful mine-finding records, is an intangible but important asset. Brameda will continue to search for new mineral deposits, particularly in western Canada, as well as other opportunities in natural resource development.



N. B. KEEVIL, JR.,

President

# BRAMEDA RESOURCES LIMITED CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

(With comparative figures for the period ended April 30, 1969)

### ASSETS

	December 31, 1969	April 30, 1969
Current assets:		
Cash and term deposits	\$ 1,972,520	\$ 282,147
Bearer deposit note (Note 5)	5,000,000	—
Receivables	363,665	249,931
Marketable securities (quoted market value \$75,350)	50,722	—
Prepaid expenses	31,845	34,637
Total current assets	7,418,752	566,715
Investment in and advances to associated and other companies, at cost (Note 2)	4,688,150	610,000
Mineral claims, buildings and equipment (Note 3)	10,360,018	1,556,153
Mine development and preproduction expenditure, per accompanying statement	4,998,381	—
Deferred exploration, development and other expenditures, per accompanying statement	2,974,760	1,364,031
Deposit and costs related to property negotiations	95,334	38,241
	<u>\$30,535,395</u>	<u>\$ 4,135,140</u>



# EMENTS FOR THE EIGHT MONTHS ENDED DECEMBER 31, 1969

HEET December 31, 1969

as at April 30, 1969)

## LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1969	April 30, 1969
Current liabilities:		
Bank loans (Note 4)	\$ 1,025,000	\$ —
Accounts payable	4,899,719	788,203
Mortgage payable	537,500	537,500
Convertible debenture (Note 5)	5,000,000	—
Total current liabilities	11,462,219	1,325,703
Interest of minority shareholders in Churchill Copper Corporation Ltd.	3,411,272	—
Shareholders' equity (Notes 4 and 6):		
Capital stock	21,437,618	3,017,628
Deficit, per accompanying statement	5,775,714	208,191
Total shareholders' equity	15,661,904	2,809,437
	<u>\$30,535,395</u>	<u>\$ 4,135,140</u>

Contingent liabilities and commitments (Notes 4 and 7)

See accompanying notes to consolidated financial statements.

ON BEHALF OF THE BOARD:



B. O. BRYNELSEN, Director



J. R. ROLL, Director

## CONSOLIDATED STATEMENT OF DEFICIT Eight months ended December 31, 1969

*(With comparative figures for the period from the date of incorporation February 27, 1968 to April 30, 1969)*

	Eight months ended December 31, 1969	Period ended April 30, 1969
Balance, beginning of period	\$ 208,191	\$ —
Add:		
Mineral claims, exploration, development and other expenditures relating to the Sulphurdale, McCracken and other properties written off during the period.	4,959,647	119,960
Provision for loss on disposal of McCracken equipment	430,000	—
Estimated expenses relating to the issue of 1,340,000 shares	150,000	—
Sundry amounts written off	42,746	13,935
	<hr/> 5,790,584	<hr/> 133,895
Deduct net earnings (loss) for the period from consulting services and laboratory operations	14,870	(74,296)
	<hr/> \$ 5,775,714	<hr/> \$ 208,191
Balance, end of period	<u><u>\$ 5,775,714</u></u>	<u><u>\$ 208,191</u></u>

See accompanying notes to consolidated financial statements.



**CONSOLIDATED STATEMENT OF MINE DEVELOPMENT AND PREPRODUCTION  
EXPENDITURE (Note 3) Eight Months Ended December 31, 1969**

	Balance at beginning of period	Expenditures during the period	Balance at end of period
Administration	\$ 263,104	\$ 224,773	\$ 487,877
Assaying	21,610	—	21,610
Camp operation	376,211	199,905	576,116
Consultants' fees	144,399	81,571	225,970
Depreciation	51,835	20,537	72,372
Drilling	246,106	103,496	349,602
Engineering works and services	158,136	2,538	160,674
Mine development	1,101,032	1,980,214	3,081,246
Surveying	45,939	5,595	51,534
	<u>2,408,372</u>	<u>2,618,629</u>	<u>5,027,001</u>
Less interest income	28,277	343	28,620
	<u>\$ 2,380,095</u>	<u>\$ 2,618,286</u>	<u>\$ 4,998,381</u>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS Eight Months Ended December 31, 1969

*(With comparative figures for the period from the date of incorporation February 27, 1968 to April 30, 1969)*

	Eight months ended December 31, 1969	Period ended April 30, 1969
<b>SOURCE OF FUNDS:</b>		
Funds received on the issue of capital stock:		
For cash to April 30, 1969	\$ —	\$ 3,017,628
Balance on stock issued for cash to April 30, 1969	118,372	—
For cash at \$7.00 a share	150,500	—
For cash at \$10.00 a share	1,000,000	—
To key employees	84,000	—
Proceeds of underwriting	10,813,800	—
Working capital of Chapman, Wood & Griswold Ltd. at the date of acquisition	238,100	—
Funds received by Churchill pursuant to a rights offering	701,101	—
Net earnings (loss) for the period from consulting services and laboratory operations	14,870	(74,296)
Add depreciation deducted therefrom	13,856	4,280
	<hr/>	<hr/>
Funds provided from operations	28,726	(70,016)
	<hr/>	<hr/>
Total funds received	<u>\$13,134,599</u>	<u>\$ 2,947,612</u>



	Eight months ended December 31, 1969	Period ended April 30, 1969
<b>USE OF FUNDS:</b>		
Acquisition of Churchill shares from other shareholders	\$ 1,835,000	\$ —
Acquisition of shares in Westland Mines Ltd.	250,000	—
Acquisition of shares in other associated companies	—	610,000
Advances to associated companies	426,556	—
Buildings and equipment—construction in progress	4,593,113	1,560,433
Mine development and preproduction expenditure	2,636,477	—
Exploration, development and other expenditures	4,014,848	1,483,991
Increase in costs and deposits relating to property negotiations	57,093	38,241
Cash portion of the cost of acquiring the shares of Chapman, Wood & Griswold Ltd.	200,000	—
Expense relating to the underwriting	150,000	—
Excess of current liabilities over current assets assumed on the acquisition of the assets of Magnum Consolidated Mining Co. Ltd. (N.P.L.)	1,892,873	—
Working capital deficiency of Churchill at the beginning of the period	363,118	—
Incorporation costs	—	13,935
Total funds used	16,419,078	3,706,600
Increase in working capital deficiency	3,284,479	758,988
Working capital deficiency at beginning of period	758,988	—
Working capital deficiency at end of period	\$ 4,043,467	\$ 758,988

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND  
OTHER EXPENDITURES Eight Months Ended December 31, 1969**

	Balance at beginning of period	Expenditures during the period	Charged to deficit	Balance at end of period
Exploration and development:				
Sulphur properties:				
Costa Rica	\$ 108,508	\$ 554,578	\$ 663,086	\$ —
Philippines	24,100	56,674	80,774	—
Sulphurdale	125,378	366,731	492,109	—
Highland Valley properties:				
Northpac	—	61,127	61,127	—
Cadco	—	34,943	34,943	—
Taseko	—	15,115	15,115	—
Casino	—	976,005	—	976,005
Atlin	—	112,792	—	112,792
Pine Pass	—	345,550	345,550	—
Sukunka	—	164,183	—	164,183
Choqua	—	41,815	—	41,815
Mexico	83,575	181,597	265,172	—
McCracken	523,516	92,284	615,800	—
Other properties	—	63,005	63,005	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total exploration and development	865,077	3,066,399	2,636,681	1,294,795
Process research and development	1,093,593	258,227	—	1,351,820
Salaries, travel and other indirect costs (including remuneration of directors, officers and senior employees of \$80,000)	12,452	658,693	343,000	328,145
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 1,971,122</u>	<u>\$ 3,983,319</u>	<u>\$ 2,979,681</u>	<u>\$ 2,974,760</u>

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1969

### 1. Principles of consolidation:

The consolidated financial statements include the financial statements of the company and all of its subsidiaries, namely: Churchill Copper Corporation Ltd., Chapman, Wood & Griswold Ltd., Magnum Mining Company, Southgate Explorations Limited (N.P.L.) and Planet Mines Limited which were acquired during the period, and Seymour Laboratory Ltd., Atlin Industries Ltd., Thermochem Industries of America, Inc., Thermo-Tico Industries, S.A., Sechelt Sand & Gravel

Ltd., and Choqua Oil Co. Ltd. which were subsidiaries at April 30, 1969.

The accounts recorded in foreign currencies have been restated in Canadian currency. Current assets and current liabilities have been translated at the approximate rates prevailing at December 31, 1969. Other assets and liabilities have been converted at substantially the rates prevailing at the dates of the relevant transactions.

### 2. Investment in and advances to associated and other companies, at cost:

	Shares			Quoted value of shares not subject to escrow December 31, 1969
	Escrow	Not subject to escrow	Cost	
Investments:				
Associated companies:				No quoted value
Ancore International Ltd. and a minor affiliate	—	(see below)	\$ 1,050,000	
Giant Mascot Mines Ltd.	—	614,796	2,151,780	1,905,900
Westland Mines Ltd. (N.P.L.)	68,300	256,700		269,300
Casino Silver Mines Ltd. (N.P.L.)	118,631	331,369		1,574,000
Hearne Coppermine Explorations Ltd. (N.P.L.)	513,933	20,000		20,000
Kismet Mining Corporation Ltd. (N.P.L.)	325,000	271,000	1,060,000	162,600
Pinex Mines Limited (N.P.L.)	782,730	206,150		72,200
Secondo Mining Ltd. (N.P.L.)	200,000	90,000		19,800
Territory Mining Ltd. (N.P.L.)	550,000	—		—
Other companies:				
Ionarc Smelters Ltd.	—	45,000	22,500	173,250
Muskox Mines Limited	—	75,592	20,060	No quoted value
			<hr/>	
			4,304,340	
			383,810	
			<hr/>	
			\$ 4,688,150	
Advances				



## NOTES (continued)

### 2. Investment in and advances to associated companies, at cost (continued):

The quoted values of the above shares not subject to escrow are provided as a matter of information; however, they do not necessarily represent the value that would be received on disposal, because of the relatively large proportions of shares held.

The company owns 11,060 shares of Ancore, a private company, representing 25% of the issued and outstanding shares.

### 3. Mineral claims, buildings and equipment:

Churchill, at cost less depreciation of \$72,372	\$ 8,576,887
McCracken buildings and equipment, at cost less provision for loss on disposal of \$430,000	1,528,821
Other, at cost less depreciation of \$39,948	254,310
	<hr/>
	\$10,360,018
	<hr/>

Expenditures relating to the Churchill mineral claims, buildings and equipment of \$8,576,887 and mine development and preproduction expenditure of \$4,998,381 are subject to re-allocation between these classifications on completion of the construction program.

### 4. Bank loans:

Arrangements are in process for bank loans to Churchill Copper Corporation Ltd. of up to \$8,000,000 Canadian or the equivalent to be used to bring the Churchill orebody into production and to provide working capital. As part of these arrangements, loans were completed on February 4, 1970, for U.S. dollars equivalent to \$4,000,000 Canadian and part of these funds were used to repay interim bank borrowings of \$1,000,000 outstanding as at December 31, 1969. The lenders have the option of converting once from the currency in which these loans are first made to the other currency, U.S. or Canadian.

The loans are to be secured by a first charge on all of the Churchill assets and by the guarantee and collateral of Brameda. Among other things, the terms of the loans restrict dividend payments and capital expenditures by Churchill and require Brameda to manage the affairs of that company.

### 5. Convertible debenture:

A convertible 9% \$5,000,000 debenture, issued to Quintana Development Ltd. in December 1969 and secured by a bearer deposit note in the same amount and interest rate, was repaid on February 27, 1970 in accordance with the terms of the debenture.

NOTES (continued)

6. Capital Stock:

As at April 30, 1969, the authorized and issued capital stock was as follows:

Authorized:	
5,000,000 common shares without nominal or par value.	
Issued for cash since incorporation on February 27, 1968:	
3,000,002 shares at \$ .10	\$ 300,000
1,200,000 shares at \$1.08	1,296,000
220,000 shares at \$7.00	1,540,000
<u>4,420,002</u>	<u>\$ 3,136,000</u>

On June 30, 1969, the shares then outstanding were consolidated on the basis of 7 shares for every 10 shares and the authorized share capital was increased to 10,000,000 shares.

Issued and outstanding at December 31, 1969:	Shares	Amount
Issued for cash to April 30, 1969	3,094,000	\$ 3,136,000
Issued subsequent to April 30, 1969:		
For cash	15,050	150,500
To key employees less amount unpaid thereon of \$756,000	84,000	84,000
For shares of Ancore and a minor affiliate	105,000	1,050,000
For shares of associated exploration companies	70,000	700,000
As partial consideration for the shares of Chapman, Wood & Griswold Ltd.	105,000	59,630
As consideration for the assets less the liabilities of Magnum as at September 24, 1969	1,400,000	1,591,908
As partial consideration for 300,000 shares of Churchill	70,000	700,000
As consideration for 614,796 shares of Giant Mascot	215,178	2,151,780
For cash received pursuant to an underwriting agreement	1,340,000	10,813,800
For cash to Quintana Development Ltd.	100,000	1,000,000
	<u>6,598,228</u>	<u>\$21,437,618</u>

An option exercisable on or before March 4, 1973, has been granted to Burns Bros. & Denton Ltd., as underwriters, to purchase 130,000 shares at a price of \$8.50 per share.

## NOTES (continued)

### 7. Contingent liabilities and commitments:

(a) Churchill Copper Corporation Ltd., a partially owned subsidiary, is in the process of bringing its Churchill Copper orebody into production at an estimated cost of \$13,750,000 (including working capital requirements) of which approximately \$10,000,000 has been expended to December 31, 1969.

(b) Patents pending on the sulphur ore refining process are subject to a royalty of  $\frac{1}{3}$  of 1% of the selling price per ton of sulphur produced by the use of the process but not less than \$10,750 per annum.

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Brameda Resources Limited and subsidiaries as of December 31, 1969 and the consolidated statements of deficit, mine development and preproduction expenditure, deferred exploration, development and other expenditures, and source and application of funds for the eight months then ended. Our examination of the financial statements of Brameda Resources Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the company and subsidiaries at December 31, 1969 and the results of their operations and the source and application of their funds for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

PEAT, MARWICK, MITCHELL & CO.  
*Chartered Accountants*

Vancouver, British Columbia

March 2, 1970





